

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LOUISVILLE)
GAS AND ELECTRIC COMPANY TO)
EXTEND ITS GAS WEATHER) CASE NO. 2006-00419
NORMALIZATION ADJUSTMENT)
CLAUSE)

O R D E R

On September 22, 2006, Louisville Gas and Electric Company ("LG&E") filed an application to extend its gas Weather Normalization Adjustment Clause ("WNA") for Residential Gas Service and Commercial Gas Service customers through April 30, 2009. The Commission approved LG&E's current WNA clause in Case No. 2000-00080 for an experimental period of three years, applicable to RGS and CGS bills from December through April.¹ The Commission required LG&E to file an annual report on its WNA by June 30 following the end of each heating season. The length of the WNA heating season was extended to cover the period November through April in LG&E's last rate case.² LG&E proposes to continue the existing mechanism with no modifications.

¹ Case No. 2000-00080, Application of Louisville Gas and Electric Company to Adjust Its Gas Rates and to Increase Its Charges for Disconnecting Service, Reconnecting Service and Returned Checks, Order dated September 27, 2000.

² Case No. 2003-00433, An Adjustment of the Gas and Electric Rates, Terms and Conditions of Louisville Gas and Electric Company, Order dated June 30, 2004.

BACKGROUND

LG&E's WNA mechanism is modeled after Columbia Gas of Kentucky, Inc.'s ("Columbia") WNA mechanism approved by the Commission in Case No. 1997-00299.³ The WNA clause adjusts the distribution component of residential and commercial gas sales to reflect normal temperatures on a real-time basis. The WNA is designed to mitigate the impact of temperature variations on distribution costs for both LG&E and customers. The WNA also ensures that LG&E recovers its distribution system revenue requirements at a level near that previously authorized.

The Commission has previously granted the requests of Columbia⁴ and Delta Natural Gas Company⁵ to make their WNA mechanisms permanent. The Commission has also approved Atmos Energy's request for a 5-year extension for its WNA mechanism through October 31, 2010.⁶ LG&E's request to continue its WNA through April 30, 2009 is reasonable and is consistent with the permanent and extended pilot programs already approved by the Commission. The WNA mechanism has minimized the impact of weather fluctuations on the distribution component of customer bills as

³ Case No. 1997-00299, Application of Columbia Gas of Kentucky, Inc. For Authority to Permanently Adopt a Weather Normalization Adjustment Mechanism, Order dated December 1, 1997.

⁴ Id.

⁵ Case No. 2001-00197, Request of Delta Natural Gas Company, Inc. for Permanent Approval of its Weather Normalization Adjustment Tariff, Order dated September 28, 2001.

⁶ Case No. 2005-00268, The Application of Atmos Energy Corporation, for an Order Continuing the Weather Normalization Adjustment for Five (5) Additional Years, Order dated September 19, 2005.

anticipated and should continue to do so throughout the additional time requested by LG&E. The Commission finds that LG&E's WNA should be continued until April 30, 2009.

IT IS THEREFORE ORDERED that LG&E's request to continue its WNA until April 30, 2009 is approved as of the date of this Order.

Done at Frankfort, Kentucky, this 18th day of October, 2006.

By the Commission

ATTEST:



Executive Director